



California Public Employees' Retirement System  
Human Resources Division  
P.O. Box 942718  
Sacramento, CA 94229-2718  
TTY: (916) 795-3240  
(916) 795-3065 phone • (916) 795-4011 fax  
[www.calpers.ca.gov](http://www.calpers.ca.gov)

## Agenda Item 4a

March 15, 2011

### TO: MEMBERS OF THE PERFORMANCE AND COMPENSATION COMMITTEE

- I. **SUBJECT:** Executive Compensation Consultant RFP Interviews and Selection
- II. **PROGRAM:** Administration
- III. **RECOMMENDATION:** Recommend the Board Approve Awarding of Contracts to the Selected Firms for the Executive Compensation Consultant Spring-Fed Pool

#### IV. ANALYSIS:

On June 14, 2010, in advance of the expiration of the existing Executive Compensation Consultant contract, the Performance and Compensation Committee approved the issuance of a Request for Proposal (RFP) for the creation of an Executive Compensation Consultant Services Spring-Fed Pool.

With direction from the Committee, the scope of services was updated from the previous Executive Compensation Consultant RFP to better reflect the compensation needs of the Committee. Staff issued RFP 2010-5619 on August 4, 2010, and received five (5) proposals by the September 28, 2010 deadline; four (4) of which met the necessary requirements to be further considered and scored.

Upon completion of the Technical and Fee Proposal scoring by staff as specified in the RFP, the Committee accepted staff's recommendation to select all four (4) of the following firms as Finalists in November 2010:

- Koff & Associates, Inc.
- McLagan
- Pearl, Meyer & Partners, LLC
- Towers Watson Delaware, Inc.

#### Finalist Interviews

The Committee directed staff to arrange for the conducting of Finalist interviews to be held at a future Committee meeting, for the purpose of concluding the RFP process and determining which firms will be included in the Spring-Fed Pool.

### **Interview and Selection Process**

Firms will be interviewed in alphabetical order. Each interview will be 30 minutes in length, consisting of a 10-minute introduction by the firm and a 20-minute Question and Answer segment led by the Committee. Scoring sheets will be provided to the Committee for assessment of each firm during the course of the interviews.

Upon conclusion of each interview, staff will collect the score sheets and calculate final scores for each firm. Firms to be awarded contracts for inclusion in the Spring-Fed Pool will be determined at this time.

### **V. STRATEGIC PLAN:**

Under Goal III of the Strategic Plan, CalPERS is committed to sustaining a high performance work culture. This can be accomplished at the highest executive levels through the establishment of methods that provide broad flexibility in the recruitment, retention and compensation of key personnel.

### **VI. RESULTS/COSTS:**

The establishment of performance plan measures is critical to the management of a competitive compensation program for executives at the highest levels of the organization. This, in turn, is critical to the success of the organization. The cost of performance awards that might arise from the recommendations in this item will be funded from existing resources.

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MICHAEL A. WILLIHNGANZ, Chief  
Human Resources Division

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RUSSELL G. FONG  
Interim Assistant Executive Officer  
Administrative Services Branch